



U.S. Immigration and Customs Enforcement

July 14, 2006

News Release

Firm forfeits more than \$635,000 that was scammed from victims in telemarketing fraud

BUFFALO, N.Y.—United States Attorney Terrance P. Flynn announced today the forfeiture of almost \$636,000.00 from Alliance Payment Technology (APT), a division of Intellipay Systems, Inc., an Ontario, California business. The forfeited monies represent the hard earned monies of hundreds if not thousand of victims throughout the United States defrauded by telemarketing companies who used APT as a payment processor.

Flynn said his office will try to use the money to compensate victims harmed in the underlying fraudulent conduct and urged anyone who thinks they have been a victim of APT to contact his office. A criminal investigation into the telemarketing companies and other payment processors is continuing.

APT provided processing services to hundreds of telemarketing companies in both the United States and Canada. During a federal investigation conducted by Immigration and Customs Enforcement (ICE) earlier this year, APT was discovered in having processed thousands of transactions for numerous questionable telemarketing companies.

Special Agents from ICE, along with the United States Attorney's Office Asset Forfeiture Unit, were able to seize the account in February of this year based upon a Seizure Warrant issued by United States Magistrate Judge Hugh B. Scott, and immediately initiate forfeiture proceedings. During the investigation, APT admitted their knowledge of the illegal source of much of the money due to the high return rates for many of their telemarketing clients.

Return rates are the percentage of requested cancellations or returns of orders supposedly placed by the consuming public as to any one company. In the banking industry, return rates in excess of 5% are clear warning signs of fraudulent activity. In APT's situation, return rates varied from 50% up to well over 80%, leading to APT to realize that these particular telemarketing companies were engaged in high pressure or fraudulent practices.

The civil forfeiture action was assigned to the Honorable John T. Elfvin, Senior Federal District Court Judge. Judge Elfvin ordered the forfeiture of the currency on July 12, 2006.

USA Flynn commended ICE Special Agent in Charge Peter Smith and ICE Special Agent Joseph Dubreville, for their exemplary investigative skills and analysis provided during this investigation

and litigation. The case was handled by Assistant United States Attorney Richard D./ Kaufman, Chief of the Asset Forfeiture Unit and senior paralegal Cheryl LoTempio.

ICE

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.